



By James D. Nadeau, PS, CFM

Jim Nadeau has been a licensed surveyor for more than 20 years, owns his own business, and provides services in southern and central Maine. He is also a realtor and a certified floodplain manager, and frequently makes presentations before insurance agents, mortgage brokers, lenders and realtors.

## Working With the Lending Industry



Jim Nadeau explaining all the ways in which a Professional Land Surveyor can work with lenders.

building setback compliance at the time of construction and if said improvements horizontally scale in a FEMA Special Flood Hazard Area (SFHA). However, this product is not the only avenue by which a land surveyor can aid a lender, investor, underwriter, title company, and title insurer in the loan process.

Providing MLI's is a service that greatly benefits the lender. It also creates a wonderful opportunity for a land surveyor to establish a relationship in order to offer additional guidance, education, or services in areas such as subdivisions, municipal compliance issues, land divisions, land descriptions, as well as flood zone analysis and submissions. Be patient. It takes little time for them to grasp the value of a solid relationship with a Professional Land Surveyor.

The purpose of this article is not to engage in a political or economic debate, but it would be naïve not to mention the elephant in the room. Lenders and lending practices have come under tremendous scrutiny and criticism over the past few years. No matter what side of this debate you fall upon, a better understanding of the process of lending, and the individuals in this process, will be of great benefit to your business model, the lending institutions, and of most importance, the consumer. Become an extension of the lenders' team by providing a trustworthy component of their services.

Seek professionals who value the relationship over the transaction. This concept will always have extreme value. Mark Jones, SVP/Director, Residential & Consumer Lending of Saco & Biddeford Savings Institution, states that,

**A** lender is much like a physician. A physician uses many pieces of evidence, including physical symptoms, verbal accounts from the patient, and sophisticated tests that reveal the inner workings of the body, to diagnose and treat a patient's ailments. Only after evaluating the complete picture can a doctor issue an accurate diagnosis. In a similar manner, a lender attempts to capture the many parameters under consideration of loan value and risk by analyzing the applicant's current debt, payment history of past debt, and ability to pay this debt.

Due to unforeseen circumstances which could affect an applicant's ability to pay the debt created, the lender must also consider the worth of the parcel of land and its improvements as it relates to its own ability to satisfy the mortgage note should the applicant default. To aid in this evaluation of long term value and risk, a mortgage loan inspection (MLI) is utilized.

Every mortgage note created is an investment for several parties. Risk is one of many key components of each transaction, and a mortgage loan inspection aids in defining risk and value by determining if the improvements used as loan collateral comply to municipal



Jim Nadeau consulting with developers on a flood insurance question.

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“We are a medium sized mutual savings bank and our success is built on relationships—relationships with our clients, with our service providers such as our surveyors, and those in our communities that we serve. What is important to me is having a relationship with our service providers where we are familiar with each other, and that our companies have similar values, similar respect for our mutual clients, as well as for each other, and an open line of communication.”

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If you are looking to establish a relationship with a lending institution in order to become one of their preferred vendors during the lending process, you may want to start with your current bank. If you are not conducting your business accounting with a bank that has the ability to refer work to you, consider switching. Mark Jones mentioned that as a mutual savings bank they choose to give back to those who support them. When considering any services your company may need, such as banking, information technology, even landscaping, consider using companies that can provide referrals. In this case, the banking/land surveying trade is logical.

Diversify your scope of service by adding additional licenses and certifications that further increase your value. Never stop trying to improve and expand your skill set. It is a wonderful

component of self-confidence and greatly aids in creating trusted relationships. We found tremendous benefit in becoming Certified Floodplain Managers, as it related to our ability to extend our services to the lending industry. Mark Jones concurs in saying that,

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“An MLI may determine that a property is in a flood zone, which was not identified by a Realtor, and the prospective purchaser may not be willing to incur the cost of the required flood insurance. Thereby, we’re giving them the information they need to evaluate the costs as well as the willingness to move forward.”

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Many real estate deals have been placed in jeopardy when costly flood insurance becomes part of the discussion. Contrary to popular belief, lenders want deals to close. This is their business model. Although the lenders have been mandated with the oversight of the National Flood Insurance Program (NFIP), all submissions which include the necessary elevations in order to dispute a flood determination must be certified by a land surveyor, engineer, or architect. It only makes sense that if a land surveyor has begun the process with the mortgage loan inspection that their management of the appeals process would be the next step. It is a missed opportunity on the part of Professional

Land Surveyors to not include this in their scope of services.

Always consider yourself a consultant, and education as a core component of your business plan.

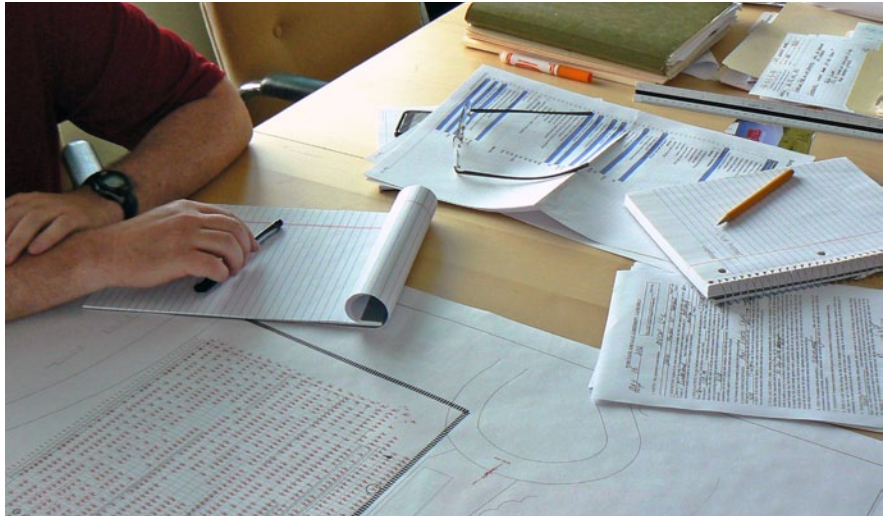
Your ability to gain respect and trust has no better avenue than time spent educating your client and offering your expertise beyond the initial request. I have found that taking the time to explain a finding, address a concern, or elaborate on services is always met with gratitude.

In order to connect with lenders and market our scope of services, including flood insurance appeals, we have found tremendous benefit in offering free educational presentations. Using resources within own office, we created a presentation detailing the elements of mortgage loan inspections - their uses and limitations, the differences between a mortgage loan inspection and a boundary survey, the origins of the NFIP, the shortcomings of the current maps that are used during a mortgage loan inspection to determine flood insurance requirements, the process of resolving flood disputes, and a keen understanding of the parameters of flood insurance. Throughout the presentation we establish ourselves as a resource for the lenders and an advocate for closing the deal.

Reflecting on our core values of client representation at all levels, we initiated the presentations as a way of easing the process of land transfer for all parties involved. We wanted to make our partners better able to serve their clients and make them aware of ways in which they could utilize our scope of services that they may not have known prior. What evolved has been exponential. The class is now offered as a continuing education course for Real Estate agents. The branding of our business as a reliable resource for matters pertaining to land has also evolved. Clients know they can call us with anything from a single question, to a more in-depth evaluation of a land issue that is showing signs of being a problem, or simply needs consultative attention. Moreover, lenders know that including our services in their business model means that no matter what issues arise during a transaction with their clients, they are equipped and ready to be a part of the resolution. I am not aware of a better model of professionalism than to educate, assist, and represent your lender so they are better equipped to confidently and accurately provide services to their clients.

Mark Jones sums up service providers in this way,

“I guess to put it simpler, I went into a local drug store the other day and across the door was a sign that stated ‘Expect something extra.’ No big superlative, nothing grandiose, just simply expect something extra—that’s what I value most about a relationship with a service provider—just something extra. By definition the majority of providers are average—what can a provider do to provide something extra and separate them from the average?”



A participant taking notes at Jim’s free educational presentations.

I agree with Mark, and I would strongly advise you to provide your clients these extra services, while being compensated accordingly, to promote the growth of your company and extend the benefits to your employees, clients, and yourself.

Being a consultant, an educator, and yes, a land surveyor, may seem like a tall order. But to expand your business, you

must additionally be a savvy business owner. From offering additional services to executing your current scope with excellence, constantly evaluate what you are providing to your clients and its monetary value. Remember that your ability to provide employees with

consistent work and competitive salaries must be a part of your business plan. Having the financial stability to afford new equipment and appropriate technology is also essential. Asserting your value to the lending industry will go a long way toward accomplishing these goals.



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